

EXHIBIT 1

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY
NEWARK DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

S. PAUL KELLEY,
GEORGE TAZBAZ,
ROGER D. LOCKHART,
ROBERT S. AGRIOGIANIS, and
SHAWN A. BECKER,

Defendants.

Civil No. 2:14-cv-02827-SRC-CLW

**DECLARATION OF MICHAEL HENNIGAN IN SUPPORT OF
MOTION FOR REMEDIES AGAINST DEFENDANT SHAWN A. BECKER**

1. My name is Michael Hennigan. I am over the age of eighteen years and have never been convicted of a felony or crime that involved moral turpitude. I have personal knowledge of the facts below and, if called to testify, I could and would testify competently thereto.

2. I am a contract financial analyst with the Division of Enforcement of the United States Securities and Exchange Commission in the Denver Regional Office, Denver, Colorado.

3. In connection with this matter, I reviewed monthly statements for the following accounts:

- TD Ameritrade account ending x4190 in the name of Grace Consulting Corp. (the “TD Ameritrade Account”) for the periods October 2009 through August 2010;

- Charles Schwab account ending x8559 in the name of Grace Consulting Corp. (the “Charles Schwab Account”) for the periods September 2010 through April 2011; and
- Scottrade account ending in x9561 in the name of Grace Consulting Corp. (the “Scottrade Account”) for the periods September 2009 through March 2011.

I understand that Shawn Becker controlled each of these accounts. I analyzed the sales of stock using a “First In, First Out” method, meaning that I allocated sales of stock to the first batch of shares received until all of those shares were depleted from the account, and then allocated sales of stock to the next batch of shares received or purchased until all of those shares were depleted from the account. If shares were transferred between accounts before they were depleted by sales, I followed the shares to the new account and continued using the “First In, First Out” method to allocate sales in the new account.

4. I understand from Mr. Becker’s testimony that Mr. Becker did not pay anything for the shares he received as compensation. Therefore, I have not offset his profits by any amount paid for the shares.

Sales of China Auto

5. Becker received a total of 190,430 shares of China Auto in the TD Ameritrade Account. Specifically, that account received: 30,000 shares on or about October 15, 2009; 40,430 shares on or about October 19, 2009; 20,000 shares on or about November 25, 2009; and 100,000 shares on or about February 18, 2010.

6. Using the “First In, First Out” method described above, Becker sold 151,595 of these received China Auto shares out of the TD Ameritrade Account for a total of \$536,598.

7. On or about August 17, 2010, Becker transferred a total of 220,779 shares of China Auto stock (consisting of 38,835 shares of the initial 190,430 received shares and 181,944

purchased shares) from the TD Ameritrade Account to the Charles Schwab Account. Using the “First In, First Out” methodology described above, Becker sold 38,835 of the received China Auto shares out of the Charles Schwab Account for a total of \$115,431.

8. On or about September 2, 2009, Becker received an additional 30,000 shares of China Auto stock into the Scottrade Account. Using the “First In, First Out” method described above, Becker sold 30,000 shares out of the Scottrade Account for a total of \$167,306.

9. In total, Becker received 220,430 shares of China Auto stock in the TD Ameritrade Account and the Scottrade Account. Using the “First In, First Out” methodology described above, Becker sold those shares for a total of \$819,065, which is the total of the amounts listed in paragraphs 6, 7 and 8.

Sales of Guanwei

10. Becker received a total of 240,000 shares of Guanwei stock into the TD Ameritrade Account. Specifically, that account received: 80,000 shares on or about January 12, 2010; 80,000 shares on or about May 10, 2010; and 80,000 shares on or about May 12, 2010. The January 12 and May 10, 2010 receipts were immediately delivered out of the account. Therefore, I only analyzed the sale of the 80,000 shares received on or about May 12, 2010.

11. Using the “First In, First Out” method described above, Becker sold 31,394 of these 80,000 Guanwei shares out of the TD Ameritrade Account for a total of \$116,854.

12. On or about August 17, 2010, Becker transferred a total of 56,000 shares of Guanwei (consisting of 48,606 received shares and 7,394 purchased shares) from the TD Ameritrade Account to the Charles Schwab Account. Using the “First In, First Out” methodology described above, Becker sold the 48,606 of the received shares out of the Charles Schwab Account for a total of \$166,827.

13. In total, Becker received 80,000 shares of Guanwei stock in the TD Ameritrade Account and the Charles Schwab Account. Using the “First In, First Out” methodology described above, Becker sold those 80,000 shares for a total of \$283,681, which is the total of the amounts listed in paragraphs 11 and 12.

Sales of Kandi Technologies

14. Becker received a total of 269,000 shares of Kandi stock into the TD Ameritrade Account. Specifically, that account received: 150,000 shares on or about October 22, 2009; and 119,000 shares on or about November 25, 2009.

15. Using the “First In, First Out” method described above, Becker sold these shares out of the TD Ameritrade Account for a total of \$1,165,586.

Prejudgment Interest

16. I calculated prejudgment interest from the last day Becker received China Auto, Guanwei, and Kandi stock, respectively, until April 13, 2015, which I understand is the date Becker signed a consent to judgment in this matter. In calculating prejudgment interest, I used the IRS rate for underpayment of taxes. Specifically, I calculated prejudgment interest as follows:

- a. For the China Auto stock, I calculated prejudgment interest on total profits of \$819,065 from February 18, 2010, which is the last day any China Auto shares were received, until April 13, 2015. The prejudgment interest is \$147,196. *See* Ex. A.
- b. For the Guanwei stock, I calculated prejudgment interest on total profits of \$283,681, from May 10, 2010, which is the day the Guanwei shares were received, until April 13, 2015. The prejudgment interest is \$47,640. *See* Ex. B.

- c. For the Kandi stock, I calculated prejudgment interest on total profits of \$1,165,586, from November 25, 2009, which is the last day any Kandi shares were received, until April 13, 2015. The prejudgment interest is \$223,032. *See* Ex. C.
- d. Adding the prejudgment interest totals for the China Auto, Guanwei, and Kandi shares, the total prejudgment interest is \$417,868.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: April 11, 2019



Michael Hennigan

EXHIBIT A



**U.S. Securities and Exchange Commission
Prejudgment Interest Report**

China Auto Stock

Quarter Range	Annual Rate	Period Rate	Quarter Interest	Principal+Interest
Violation Amount				\$819,065.00
03/01/2010-03/31/2010	4.00%	0.34%	\$2,782.58	\$821,847.58
04/01/2010-06/30/2010	4.00%	1%	\$8,195.96	\$830,043.54
07/01/2010-09/30/2010	4.00%	1.01%	\$8,368.66	\$838,412.20
10/01/2010-12/31/2010	4.00%	1.01%	\$8,453.03	\$846,865.23
01/01/2011-03/31/2011	3.00%	0.74%	\$6,264.48	\$853,129.71
04/01/2011-06/30/2011	4.00%	1%	\$8,507.92	\$861,637.63
07/01/2011-09/30/2011	4.00%	1.01%	\$8,687.20	\$870,324.83
10/01/2011-12/31/2011	3.00%	0.76%	\$6,581.09	\$876,905.92
01/01/2012-03/31/2012	3.00%	0.75%	\$6,540.86	\$883,446.78
04/01/2012-06/30/2012	3.00%	0.75%	\$6,589.64	\$890,036.42
07/01/2012-09/30/2012	3.00%	0.75%	\$6,711.75	\$896,748.17
10/01/2012-12/31/2012	3.00%	0.75%	\$6,762.36	\$903,510.53
01/01/2013-03/31/2013	3.00%	0.74%	\$6,683.50	\$910,194.03
04/01/2013-06/30/2013	3.00%	0.75%	\$6,807.75	\$917,001.78
07/01/2013-09/30/2013	3.00%	0.76%	\$6,934.04	\$923,935.82
10/01/2013-12/31/2013	3.00%	0.76%	\$6,986.47	\$930,922.29
01/01/2014-03/31/2014	3.00%	0.74%	\$6,886.27	\$937,808.56
04/01/2014-06/30/2014	3.00%	0.75%	\$7,014.29	\$944,822.85
07/01/2014-09/30/2014	3.00%	0.76%	\$7,144.41	\$951,967.26
10/01/2014-12/31/2014	3.00%	0.76%	\$7,198.44	\$959,165.70
01/01/2015-03/31/2015	3.00%	0.74%	\$7,095.20	\$966,260.90
Prejudgment Violation Range			Quarter Interest Total	Prejudgment Total
03/01/2010-03/31/2015			\$147,195.90	\$966,260.90



EXHIBIT B

**U.S. Securities and Exchange Commission
Prejudgment Interest Report**

Guanwei Stock

Quarter Range	Annual Rate	Period Rate	Quarter Interest	Principal+Interest
Violation Amount				\$283,681.00
06/01/2010-06/30/2010	4.00%	0.33%	\$932.65	\$284,613.65
07/01/2010-09/30/2010	4.00%	1.01%	\$2,869.53	\$287,483.18
10/01/2010-12/31/2010	4.00%	1.01%	\$2,898.46	\$290,381.64
01/01/2011-03/31/2011	3.00%	0.74%	\$2,148.03	\$292,529.67
04/01/2011-06/30/2011	4.00%	1%	\$2,917.28	\$295,446.95
07/01/2011-09/30/2011	4.00%	1.01%	\$2,978.75	\$298,425.70
10/01/2011-12/31/2011	3.00%	0.76%	\$2,256.59	\$300,682.29
01/01/2012-03/31/2012	3.00%	0.75%	\$2,242.79	\$302,925.08
04/01/2012-06/30/2012	3.00%	0.75%	\$2,259.52	\$305,184.60
07/01/2012-09/30/2012	3.00%	0.75%	\$2,301.39	\$307,485.99
10/01/2012-12/31/2012	3.00%	0.75%	\$2,318.75	\$309,804.74
01/01/2013-03/31/2013	3.00%	0.74%	\$2,291.71	\$312,096.45
04/01/2013-06/30/2013	3.00%	0.75%	\$2,334.31	\$314,430.76
07/01/2013-09/30/2013	3.00%	0.76%	\$2,377.61	\$316,808.37
10/01/2013-12/31/2013	3.00%	0.76%	\$2,395.59	\$319,203.96
01/01/2014-03/31/2014	3.00%	0.74%	\$2,361.23	\$321,565.19
04/01/2014-06/30/2014	3.00%	0.75%	\$2,405.13	\$323,970.32
07/01/2014-09/30/2014	3.00%	0.76%	\$2,449.75	\$326,420.07
10/01/2014-12/31/2014	3.00%	0.76%	\$2,468.27	\$328,888.34
01/01/2015-03/31/2015	3.00%	0.74%	\$2,432.87	\$331,321.21
Prejudgment Violation Range			Quarter Interest Total	Prejudgment Total
06/01/2010-03/31/2015			\$47,640.21	\$331,321.21

EXHIBIT C



**U.S. Securities and Exchange Commission
Prejudgment Interest Report**

Kandi Stock

Quarter Range	Annual Rate	Period Rate	Quarter Interest	Principal+Interest
Violation Amount				\$1,165,586.00
12/01/2009-12/31/2009	4.00%	0.34%	\$3,959.80	\$1,169,545.80
01/01/2010-03/31/2010	4.00%	0.99%	\$11,535.25	\$1,181,081.05
04/01/2010-06/30/2010	4.00%	1%	\$11,778.45	\$1,192,859.50
07/01/2010-09/30/2010	4.00%	1.01%	\$12,026.64	\$1,204,886.14
10/01/2010-12/31/2010	4.00%	1.01%	\$12,147.89	\$1,217,034.03
01/01/2011-03/31/2011	3.00%	0.74%	\$9,002.72	\$1,226,036.75
04/01/2011-06/30/2011	4.00%	1%	\$12,226.78	\$1,238,263.53
07/01/2011-09/30/2011	4.00%	1.01%	\$12,484.41	\$1,250,747.94
10/01/2011-12/31/2011	3.00%	0.76%	\$9,457.71	\$1,260,205.65
01/01/2012-03/31/2012	3.00%	0.75%	\$9,399.89	\$1,269,605.54
04/01/2012-06/30/2012	3.00%	0.75%	\$9,470.01	\$1,279,075.55
07/01/2012-09/30/2012	3.00%	0.75%	\$9,645.49	\$1,288,721.04
10/01/2012-12/31/2012	3.00%	0.75%	\$9,718.22	\$1,298,439.26
01/01/2013-03/31/2013	3.00%	0.74%	\$9,604.89	\$1,308,044.15
04/01/2013-06/30/2013	3.00%	0.75%	\$9,783.45	\$1,317,827.60
07/01/2013-09/30/2013	3.00%	0.76%	\$9,964.94	\$1,327,792.54
10/01/2013-12/31/2013	3.00%	0.76%	\$10,040.29	\$1,337,832.83
01/01/2014-03/31/2014	3.00%	0.74%	\$9,896.30	\$1,347,729.13
04/01/2014-06/30/2014	3.00%	0.75%	\$10,080.28	\$1,357,809.41
07/01/2014-09/30/2014	3.00%	0.76%	\$10,267.27	\$1,368,076.68
10/01/2014-12/31/2014	3.00%	0.76%	\$10,344.91	\$1,378,421.59
01/01/2015-03/31/2015	3.00%	0.74%	\$10,196.54	\$1,388,618.13
Prejudgment Violation Range			Quarter Interest Total	Prejudgment Total
12/01/2009-03/31/2015			\$223,032.13	\$1,388,618.13